Development (1948.) Department.

Ms. SERIES.

G.O. No. 2441

Dated 12-5-48.

[Despatch Abstract.]

Textiles - Handloom cloths - Export quota to Provincial Co-operative Society to foreign places - Grant of - Papers recorded.

Development Department.

Letter No.113033 MII -47-1, dated 12th December 1947.

To

The Chief Controller of Exports
New Delhi.

Through The Textile Commissioner, Bombay.

Sir,

Textiles - Handloom Cloth - Export to Ceylon and Burma and Malaya - Grant of export permit to the Madras Handloom Weavers Provincial Co-operative Society, Madras.

I am directed to enclose a copy of application from the Madras Handloom Weavers Provincial Co-operative Society, Madras for the grant of permits toexport to foreign countries 4,000 bales of handloom cloth immediatly and 500 bales a month for a period of one year. The policy of the Madras Government is to expand the existing Weavers Cooperative Societies and to organise new Cooperative Societies so as to bring as quickly as possible the entire cotton handlooms in the Madras Province within the Cooperative fold. In pursuance of this policy the Madras Handloom Weavers Provincial Cooperative Society to which all other Weavers Societies in this Province are affiliate has brought within its fold 1,10,000 looms out of about 5 lakhs of looms in this Province - viz. 1/5th of the tota number of looms. A large number of these looms are producing only exportable varieties such as lungies, Madras Handkerchiefs etc. The Socieites have been placed in a highly disadvantageous position in the matter of disposal these exportable varieties as compared to individual merchants. These merchants purchase goods direct from the Societies and export them to foreign countries taking advantage of the quota allowed to them for export. It is only just and equitable that the same facility should be afforded to the Provincial Society which desires to carry business not out of any motive for profit but for the bene fit of a lakh and ten thousand Weavers working for the See Societies. Moreover, there is at present a large accumulation of stocks with the Societies, which it is not able to clear even after selling to export merchants, so that additional exports can well be permitted. The Government Inda have now allowed "New Comers" into theexport trade and have allotted 25% of the quota to those who did not do any export business during the basic period. There can therefore be no objection to granting an adhoc quota to the Provincial Society to export cloth to foreign country on the proportion of the number of looms in its fold. The Textile Commissioner Bombay with whom the matter was discussed, has agreed to consider the possibility of replacing 10,000 bales of handloom eloth to be exported by the Provincial Society bymill cloth. In view of these facts and of the reasons given by the Provincial Society i its application enclosed, the Madras Government strongly recommend that the Provincial Society be granted adhoc quotas as shown below over and above the quota already fixed for this Province.

Quantity to be immediately exported.

Ceylon.	2000 bales.
Burma.	1000 "
Malaya	1000 "
	4000 bales

Cont.

Quantity to be exported month after month for one year.

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Ceylon.	300	bales a month.
Burma.	100	"
Malaya.	100	"
	500	bales a month.

I am to say that the Provincial Soceity may be allowed to export cloth of finer counts to all these places. If a separate adhoc quota can be allotted for West Africa this Government will be grateful for such allotment.

Sd.....
12-12-49.

Copy to Provincial Textile Commissioner.
" Registrar of Co-operative Stores.
" the Business Manager, Madras Provincial Handloom Weavers Provincial Co-operative Society. Ltd., 6-A, Wood Road, Mount Road, Madras.

Development Department

D.O.No.113033 MII/47-4, dated 3-1-48.

Sub: Textiles - Handloomcloth - Export to Ceylon Burma and Malaya - Grant of export permit to the Madras Handloom Weavers Provincial Cooperative Societies, Madras

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I am to enclose a copy of my letter No. 113033 MII/47-3 dated 12-12-1947 to the Chief Controller of Exports recommending the grant of adhoc quotas to the Madras Handloom Weavers Provincial cooperative Society Madras , for the immediate export of 4000 bales of handloom cloth to Ceylon, Burma and Malaya and for the grant of 500 bales every month for a period of one year. The stock position of the Provincial Society is becoming grave and the immediate grant of permit will ease the situation. Mr. Balasundaram is coming to meet you and explain the position. I shall be grateful if you can kindly help him to get the permit as quickly as possible.

sd.....
3-1-48.

To
S.A.Venkatraman, Esq., C.I.E., I.C.S.,
Secretary to Government of India,
Department of Industries and supplies, New Delhi.

AIR MAIL

D.O.No.9-S/48
MINISTRY OF INDUSTRY AND SUPPLY,
Jaisalmer House, Mansingh Road,
New Delhi, the 10th January 1948.

My dear Satthianandan,

Please see your D.O.No.113033-M-II/47-3, dated the 3rd January, 1948, on the matter of the grant of an ad hoc export quota to the Madras Handloom Weavers' Provincial Co-operative Society,. We are arranging for the issue of a licence for 3, 750 bales made up of an immediate export quota of 2,500 bales for January and 250 a month for the remaining five months of the half year. We doubt if this concession can be extended, and in any case the matter would have to be very carefully examined before we could ask Commer Ministry to agree to a diversion from the present system of allocation of exports. We generally dislike depriving established exporters of their business, however good the case of new-comers may be. Besides, the 25% allocated to new-comers is not large enough to accommodate your requirements of 6,000 bales a year, and in practice new-comers are granted only about 20,000 yards per half year. Apart from this there will be ~~pubeic~~ public objection to the export of large quantities of cloth, considering the existing shortage, and if the accumulations are due to production of special types not easily saleable in the country or to high costs of production, the Society must do all it can to put its house in order.

2. When Dr. Mookerjee went to Madras on tour, he was given a Memorandum in which the accumulations of handloom cloth in the Province were put at 150,000 bales. We have always felt that this figure was fantastically large and have sought to get it officially confirmed or amended by you. No reply seems to have been received by the Textile Commissioner to his enquiry on the point, though it is nearly three months since this figure was given to us at Madras. I Presume, therefore, that this figure is not correct and that the total of accumulations in Madras bears only a reasonable proportion to the accumulations with the Madras Handloom Weavers' Provincial Co-operative Society, which it is understood is in the region of 7,000 bales.

Yours sincerely,

sd.....,
(S.A.Venkataraman)

W.R.S.Satthianadhan, Esq., I.c.S.,
Secretary to the Government of Madras,
Development Department,
Fort St. George G MADRAS.

Development Department.

D.O.No.113033 MII/47-5, dated the 16th January 1948.

My dear Ratheo,

Sub: Textiles - Handloom Cloth - Export to Ceylon, Burma and malaya - Allotment of ad hoc quotas to Madras Handloom weavers Provincial Co-operative Society

Ref: S.A.Venkataraman's D.O.No.9/S/48, dated 10-1-48.

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Cont.

I am to enclose a copy of the D.O.cited for your immediate remarks in consultation with Rao Bahadur Ryan. The present accumulation of handloom cloth in the Province should be estimated as accurately as possible and the exact accumulation with the Madras Handloom Weavers' Provincial Co-operative Society should be ascertained. I am to request you to send atonce a reply to the Textile Commissioner of Bombay if you have received a communication from him asking for the confirmation or amendment of the figures of accumulated stocks in this Provinces as given by Provincial Textile Commissioner when Dr. Mookerjee was here. Kindly also state whatever the persumption in the last sentence of Mr.Venkatraman's D.O. is correct.

Sd.... ..... .
16-1-48.

To
Rao Sahib R.C.Rathe,
Provincial Textile Commissioner, Madras.
Copy to Rao Bahadur J.C.Ryan,
Registrar of Co-operative Societies.

Dept. Development Department.

D.O.No113033 MII/48-8, dated 2-4-1948.

Sub: Textiles - Handloom cloth - Export quota to the Madras Handloom Weavers Provincial Co-operative Society.

Ref: Your D.O.No.9-A/48 dated 10-1-1948 to Satthianadhan.

Your have advised that the Madras Handloom Weavers Provincial Co-operative Soceity should do all it can to put its house in order if the accumulations of handloom cloth with the Society are due to production of special types not easily saleable in the country or to high costs of production. I am to say that there is nothing wrong with the production programme of the Provincial Society. It has been producing mostly utility varieties and the cost ofproduction of the cloth of the Society has always been lower than that of private merchan The accumulations are due to the very heavy slump in the handloom cloth trade consequent onvarious factors, the most important of which are (1) the inevitable reaction to the boom in the trade immediately before, (2) the uncertainty due to the policy of decontrol, and (3) the availability of larger quantities of mill cloth.

2. You have pointed out that further grant of export quotas to the Provincial Society would require careful examination. As you are aware the Provincial Society is a federation of 882 primary weavers Co-operative Societies each of which may be deemed to be eligible for an export quota of 20,000 yards per halfyear as a new comer.

Cont.

The Provincial Society is therefore eligible for an aggregate export quota of 1,960 bales a month. In pursuance of the policy of this Government to bring gradually within the cooperative fold all the looms in this Province, one fourth of the total number of looms viz. 1,20,000 has been brought within the co-operative fold. Further progress in thei this scheme depends entirely on the ability of the Provincial Society to arrange for the marketing of the goods produced by the Soceities. Though the societies are producing mostly utility varieties, with its present expanded activities the soceity has a large number of weavers also are accustomed to weave only exportable varieties and consequently its production of the latter category is also substantia. The Societies are producing monthly 6,600 bales of cloth and the export quota of 500 belaes a month recommeded for the Provincial Society represents only about 8% of the total production. There is therefore a good case to show some concession to the Provincial Society even by reduring the quota of the established exporters to that extent if necessary. I am to say that this Government would thereofore like to press for the grant of a permanent export quota of 500 bales a month to the Provincial Society.

3. The figure of 150,000 XXXXX bales given as accumulations for the whole Province in the Memorandum to Dir.Dr. Mookerjee was compiled by the Provincial Textile Commissionerfrom returns submitted by the Collectors. It would appear that much reliance cannot be placed on these tentative estimates by Collectors and that the total of 1,50,000 bales is undoubtedly on the high side. But the accumulations are much higher than what has been presumed by you; they cannot bear a reasonable proportion to the stock of the Provincial Society, as the latter produces utility varieties sonsumable in the Province while production outside the cooperative fold is mainly nonutility varieties. The actual figure may be between 70,000 and 1000,000 bales.

Sd. .....
31-3-48.

To
Venkatraman Esq., C.I.E., I.C.S.
Secretary to the Government of India, Ministry of Industries and Supplies , New Delhi.

Copy to the Textile Commissioner of Bombay.
Copy to the Provincial Textile Commissioner.
Copy to Registrar of Co-operative Societies.

Co-operative Department

From
Sri Rao Bahadur J.C.Ryan , M.A.,
Registrar of Co-operative Societies.
Madras.

To
The Secretary to Government,
Development Department,
Fort St. George,Madras.

No. Rc.29513/47.K1, dated XXXXX 21-4-1948.

Sir,

Sub:- Textiles - Handloom cloth - Export Quota to Madras Hanloom Weavers Provincial Co-operativ Society.

Ref: D.O.No.113033 MII/48-8, dated 5-4-48 of the Deputy Secretary, Development Department, Government of Madras to the Secretary to the Government of India, Ministry of Industries and Supply, New Delhi.

The Government of India were pleased on the recommendation of the Provincial Government to sanction an export quota of 3,750 bales to foreign countries for a period of 6 months commencing from January 1948. But the Progress in actually exporting the cloth to outside countries has not come up to my expectations. The Progincial Society was able to export only 266 bales till 31-3-48 inspite of heavy accumulation of stocks in primary weavers cooperative Societies. The following are the causes that contributed to the law exports.

1. The levy of export duty of 0-4-0 per square yard of cloth even for a short period had a serious reaction on the handloom cloth trade. The export merchants were not quite sure of the demand in the foreign countries and were nervous to purchase the cloth after paying 4 annas export duty per square yard. There was also a feeling among the merchants that the export duty on handloom cloth might go and so they were afraid to purchase and export cloth with the duty imposed on it.

2. Some societies had purchased yarn after paying the surcharge. The cost of production for finer counts of yarn worked up very high. It is the cloth of finer counts that was in demand in the foreign markets. But as the cost of production was high with the surcharge, sales could not be effected to an appreciable extent.

2. I would also submit that the want of an experienced officer who could assist the Business Manager and tackle the export market efficiently was another great handicap. Marketing, particularly foreign marketing of handloom cloth, is a specialised subject and unless there is one who is fully conversant with various varieites of cloth that are produced in all the important centres of the Provinces, marketing cannot be easily arranged. The Business Manager, Madras Handloom Weavers Provincial Co-operative Society, who is fully occupied with the distribution of yarn and general administration of the society could not pay much attention to this work. I had, therefore, to arrange for the export of cloth through the Regional Marketing Officers. This is in addition to their important duty of tackling the internal market by entering into contracts with societies. Theycould not do much in export business. The Provincial Society anticipating this, requested me to appoint an additional Business Manager who could tackle the export business efficiently. I agreed with them and recommended the appointment of an additional Business Manager. But as the PPe Appointment has not yet been approved by Government, there has been a certain amount of difficulty in promoting export business.

Sd.....
for Registrar.
23-4-48.

(Issued D.O.No.113033 MII/47-8, dated 2-4-48 to S.Venkatraman Esq., I.C.S)

(From the Registrar of Co-operative Societies No.29513/47K1, dated 21-4-48)

To A.S.

The Registrar of Co-operative Societies letter at page 59-60 c.f. may be perused. He reports that the exports of handloom cloth granted to the Society to places outside India could not be pushed forward vigourously due to

1. The levy of export duty.
2. Cost of finer cloth being high as yarn used was purchased with surcharge on it;
3. Want of an experienced officer to assist the Business Manager.

He states that only 266 bales out of 3750 bales allowed for export have been actually sent till 31-3-48. It would seem that he has asked for the appointment of an additional Business Manager for the Provincial Society and that the proposal is being examined separately. No specific action would seem called for in the file.

Sd.....
27-4-48.

The Registrar of Co-operative Societies suggest the deputation of Sri C.Joseph Reddy, Deputy Registrar of Co-operative Society as additional Business Manager of the Madras Provincial Handloom Weavers Co-operative Soceity. Hon'ble Minister (local Administration) has ordered that the proposal may be kept lieover until further instruction from him.

With reference to 'A' Sri Joseph Reddy is shortly proceeding to United States of America for training and save one else will have to be thought of for the post. Hon'ble Minister (Industries) may see for perusal.

Sd x x x x x x
5.5.1948.

To A.S.

(Orders at 'B' above)

Separate action is being taken in B I section No action on the point is necessary in this file.

Sd x x x
10.4.48.

To A.S.

India has allowed free licensing of handloom cloth for export till end of July 1948. The question of a permanent quota for export to the Provincial Society may be taken up, if necessary, after July 1948. The papers may now be recorded

(Sd) x x x
11.5.48.

G.O. Ms. No. 2441 dated 12-5-1948.

TEXTILES - Handloom cloth - Export quota to Provincial Society to foreign Places - Grant of - Papers Recorded.

NG/4.8.

/True Copy/

SUPERINTENDENT
Madras Record Office